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TRANSMITTAL LETTER AND AUTHORIZATION TO CHARGE DEPOSIT ACCOUNT

ASSISTANT COMMISSIONER FOR PATENTS
ALEXANDRIA, VA 22313

RE: Attorney Docket No.: CAT/36-GIUL-CON
Application Serial No.: 09/286,304
Filed: April 6, 1999
Title: Method and Apparatus for Generating Purchase Incentives Based on Price Differentials
Inventor: GIULIANI et al.
Group Art Unit: 2164
Examiner: POINVIL
APPEAL NO: 2002-2256

SIR:

Attached hereto for filing are the following papers:

37 CFR 1.197(b) Request for Rehearing (in triplicate)

Our check in the amount of $0.00 is attached covering the required fees.

The Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment, to Deposit Account Number 50-2106. A duplicate copy of this sheet is enclosed.

Respectfully Submitted,

11/22/2004
DATE

Richard A. Neifeld, Ph.D.
Registration No. 35,299
Attorney of Record

Printed: November 22, 2004 (8:08pm)
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NEIFELD REF.: CAT/36-GIUL-CON

IN THE UNITED STATES PATENT & TRADEMARK OFFICE

IN RE APPLICATION OF: John GIULIANI et al.

USPTO CONFIRMATION CODE: 4797

SERIAL NO: 09/286,304

APPEAL NO.: 2002-2256

FILED: April 6, 1999

EXAMINER: Frantzy POINVIL

GROUP ART UNIT: 2164

FOR: Method and Apparatus for Generating Purchase Incentives Based on Price Differentials

BOX STOP APPEAL BRIEF - PATENTS

ASSISTANT COMMISSIONER FOR PATENTS

P.O. BOX 1450

ALEXANDRIA, VA 22313-1450

37 CFR 1.197(b) REQUEST FOR REHEARING

Sir:

In response to decision on appeal mailed September 23, 2004, please consider the following request for rehearing.

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REMARKS

Pursuant to 37 CFR 1.197(b), the appellants (herein after "I" or "we") respectfully set forth below with particularity the points believed to have been misapprehended or overlooked in rendering the decision in this appeal.

I. Summary of Decision

The panel (herein after "you") stated that you reversed the rejections of claims 14, 16, 21, and 23, and you stated that you sustained the rejections of claims 10-13, 15, 17-20, 22, and 24. Decision page 13.

II. You Misapprehended an Important Point of Law by Characterizing Your Actions as an Affirmance of the Examiner's Grounds of Rejections of Claims 10-13, 15, 17-20, 22, and 24

A. You Are Not Authorized to "Sustain"; You Are Authorized to "Affirm"

As an initial matter, your decision states that you "sustain" the rejections of claims 10-13, 15, 17-20, 22, and 24. Decision page 13. You are not authorized to "sustain." You are authorized to "affirm." 37 CFR 41.50. Appellant assumes herein below that your statement that you "sustain" means that you "affirm."

B. Your Error is Not Harmless Error Since it Precludes My Right to Respond on the Merits

I submit that you misapprehended an important point of law regarding your authority by concluding that you *affirmed* rejections of claims 10-13, 15, 17-20, 22, and 24, when you in fact entered new grounds of rejections for those claims. This is an important point of law *because we have no recourse to address your de facto new ground of rejection if it is characterized as an affirmance of the examiner's grounds of rejection.* 37 CFR 41.52a)(2).

To address your novel assertions of fact regarding the Deaton reference and novel conclusions of law regarding claim construction, as opposed to the examiner's grounds of

rejection, I would have to make new arguments on the merits on this rehearing. I am generally forbidden from making such arguments on rehearing. 37 CFR 41.52a)(2). Accordingly, your misapprehension on this point is not harmless error.

Moreover, your failure to expressly reverse the examiner, does not provide issue preclusive effect as to the examiner's faulty analysis. Thus, I may be faced again with the same problems due to the examiner's erroneous logic in further rejections even though you have already addressed and shot down that erroneous logic and grounds for rejections. Accordingly, your express reversal is warranted.

C. **You Misapprehended Your Authority**

1. **Your Decision in Fact Reverses the Examiner's Grounds of Rejection, and it Should be Corrected to Expressly State that Reversal**

Your decision to reject claims 10-13, 15, 17-20, 22, and 24 relies upon your own interpretation of the Deaton reference and your own claim construction, not the grounds for rejection (interpretation, reasoning, or claim construction) asserted by the examiner

You misapprehended that your authority pursuant to 37 CFR 41.50. 37 CFR 41.50 specifies that you may "affirm or reverse" the examiner "on the grounds ... specified by the examiner." You therefore are not authorized to affirm (or reverse) on grounds *other than* those specified by the examiner. However, you stated on page 13 that you affirmed the rejections of claims 10-13, 15, 17-20, 22, and 24 when you clearly rejected these claims on grounds *other than* those specified by the examiner. That is clear from you express and unequivocal rejection of the examiner's asserted grounds for rejection. Accordingly, you should revise your decision by expressly stating that you reverse the examiner's grounds of rejection of claims 10-13, 15, 17-20, 22, and 24, in accordance with 37 CFR 41.50.

In fact, what you admit in your analysis of the rejections of 10-13, 15, 17-20, 22, and 24. leading to your ultimate conclusions is the you ***reversed the examiner on all grounds raised by the examiner***. See, for example, the following three excerpts from your own decision.

1. "The examiner's rejection could have been more carefully crafted ... [it] apparently takes it for granted that the incentive selection is based on both the purchase of a particular product and on the amount of dollars ... Nevertheless, ***we conclude*** that it would have been obvious ...

to combine... ". Decision page 8 lines 8-17; emphasis added by me. That is, you relied upon your own de novo review and analysis of facts and law, not the grounds put forth by the examiner, to conclude that claims 10-13, 15, 17-20, 22, and 24 were obvious in view of Deaton. Thus, you did not affirm "on the grounds ... specified by the examiner." Your conclusion was different from the examiner's grounds for rejection, which means that you in fact reversed the examiner's grounds for rejection.

2. "The examiner has proposed several reasons why it would have been obvious to select an incentive based on the price of a second item .... None of these reasons finds support in Deaton (or , at least, the examiner has not pointed to any). It is not persuasive to make up motivation that is not supported by the reference. Even if these statements were found in Deaton, it is not clear why they would suggest the modification proposed by the examiner. We sustain the rejection ***based upon our interpretation*** ...." Opinion page 10 lines 10-24; emphasis added by me. Thus, you did not affirm "on the grounds ... specified by the examiner." Your interpretation was different from the examiner's grounds for rejection, which means that you in fact reversed the examiner's grounds for rejection.

3. "it is unnecessary to rely on the examiner's reasoning ... ; we do not understand ***or agree*** with this [sic; the examiner's] reasoning." Opinion page 9 lines 20-24; emphasis added by me. You did not agree with the examiner's reasoning, which means that you in fact reversed the examiner's grounds for rejection.

Accordingly, you should revise your decision by expressly stating in the revision that you reverse the examiner's grounds for rejection of claims 10-13, 15, 17-20, 22, and 24, in conformance with your actual reasoning.

2. You Did in Fact Impose *New Grounds of Rejection*, and Your Decision Should be Revised to Either Expressly State that it Imposes New Grounds of Rejection or Allow Claims 10-13, 15, 17-20, 22, and 24

Instead of affirming the examiner "on the grounds ... specified by the examiner," you came up with your own distinct reasoning to reject claims based upon the Deaton reference. You clearly admitted that at decision page 10 lines 24-26, where you stated "We sustain the rejection based upon *our interpretation of an incentive system based both upon the product*

purchased and the dollar amount purchased, as meeting claim 10." Your conclusion there refers back to your own interpretation of the factual teachings of Deaton your own analysis and conclusions of law at decision page 8 lines 16-25 (in summary which are that Deaton in fact motivates a particular incentive selection based upon "both the purchase of a particular product and on the amount of the dollars spent"; page 8 lines 21-23.); at page 9 lines 5-9 (that incentive selection based upon "both the purchase of a particular product and on the amount of the dollars spent" responds to a incentive selection based on (1) purchase of a first item, (2) price of the first item, and (3) price of a second item. Therefore, your failure to specify that you imposed a new ground of rejection in view of your distinct interpretation and conclusions, compared to the examiner's asserted grounds for rejection, is improper. You should therefore either reverse the examiner's rejections of Claims 10-13, 15, 17-20, 22, and 24 pursuant to 41.50(a) and allow Claims 10-13, 15, 17-20, 22, and 24 or both reverse the examiner's grounds for rejections and expressly impose new grounds for rejection pursuant to 41.50(b), entitling us to respond accordingly.

III. Notwithstanding the Foregoing Reasoning, You Should Consider on the Merits the Arguments Below Directed to Your New Ground of Rejection, and Withdraw Your New Grounds for Rejection

A. Summary of Your Misapprehensions of Fact and Law

You make certain incorrect factual assertions, intermediate conclusions of law, and most importantly, a logical error upon which depends your ultimate conclusion to reject claims 10-13, 15, 17-20, 22, and 24. Your revised decision should address each of these items, if for no other purpose than to clarify the record. However, your most important and determinative misapprehension is that you assumed, without basis, that the "price for a **second item**" claim recitation inherently depended upon a price of a transaction in involving purchase of a **first item**, as explained in section III.D below.

B. Your Factual Misapprehension Relating to the Claim Recitation "(1) purchase of a first item"

The following statement in our decision is incorrect:

Deaton teaches selecting incentive data based on purchase of a first item (e.g., col. 69, lines 24-26)..." [Decision on appeal mailed September 23, 2004 page 8 lines 9-10.]

Column 69 lines 24-26 of Deaton states that:

> As disclosed in *the two aforesaid patents*, systems may be provided to generate coupons at the point-of-sale based upon the type of product purchase. [Column 69 lines 24-26.]

Thus, Column 69 lines 24-26 of Deaton discloses that *other prior art* systems "generate coupons at the point-of-sale based upon the type of product purchase"; not Deaton's system.

Furthermore, column 70 lines 25-30 in Deaton also contradict the conclusion you intend to draw, which conclusion is that Deaton teaches "generat[ing] coupons at the point-of-sale based upon ... product purchase". This is because column 70 lines 25-30 in Deaton teaches away from generating coupons based upon purchase of a particular product by expressly contrasting the other prior art systems, and also specifying a system that "generates coupons based upon *the lack of purchase* of a particular item," stating that.

> The present invention differs from the systems disclosed in the above-identified patents because, among other things, the present system generates coupons based upon the lack of purchase of a particular item by comparing against stored history for the unique customer Ids, rather than because of the purchase of a particular item. [Column 70 lines 25-30.]

Thus, your reliance on cited passages in Deaton is misplaced. I note that Deaton teaches a different process ("echo" process) in which incentives are based upon items purchased by the customer. See for example, step 155, at column 91 line 55 to column 92 line 5. Deaton also states at column 101 lines 39-59 that "similar types of targeted marketing...based upon...products" as opposed to the infrequency or amount of prior purchase, are contemplated.

Whether those passages support the conclusions you have drawn is an issue you can consider. I include them for candor's sake. However, the passage in Deaton that you did cite does not support your factual assertion or conclusion.

C. You Provide No Reasoning Supporting Your Conclusion to Combine Different Marketing Methods

In your decision, you state that:

> The examiner's rejection could have been more carefully crafted. Deaton teaches selecting incentive data based on purchase of a first item (e.g., col. 69, lines 24-26), and teaches selecting incentive data based on the amount of dollars spent (e.g., col. 69, lines 35-43). The rejection apparently takes it for granted that the incentive selection is based on both the purchase of a particular product and on the amount of dollars (EA3-4), although Deaton discusses the techniques separately. Nevertheless, we conclude that it would have been obvious to one of ordinary skill in the marketing art to combine any of the incentive techniques in Deaton, each for its intended purpose. The rejection should have recognized and expressly addressed this difference. This rejection is based on the conclusion that it would have been obvious for the incentive selection in Deaton to be based on both the purchase of a particular product and on the amount of dollars spent. [Decision on Appeal mailed September 23, 2004 page 8 lines 23.]

I submit that you have expressly recognized "this difference" as not being addressed by the examiner, thereby admitting out that the examiner did not make a prima facie case.

However, you have not in turn "expressly addressed this difference ." All you have done is identify the difference followed by an unsupported legal conclusion that "it would have been obvious for the incentive selection in Deaton to be based on both the purchase of a particular product and on the amount of dollars spent." Lacking citation of any fact in the record supporting this conclusion, it is an improper legal conclusion, and it fails the standard of review requirement for supporting substantial evidence. Accordingly, rejection of claims 10-13, 15, 17-

20, 22, and 24 based upon your unsupported legal conclusion that "it would have been obvious for the incentive selection in Deaton to be based on both the purchase of a particular product and on the amount of dollars spent" is improper and should for this reason be withdrawn.

D. **You Misapprehend the Fact That the Amount Spent in a Transaction Is Not Equivalent to the Price of a First Item Purchased as Part of the Transaction, or a Price for a Second Item Having No Relation to the Transaction**

I submit that your reasoning is logically flawed. You reason that claim 10's limitations of depending an incentive determination based upon (1) purchase of a first item, (2) price of the first item, and (3) price of a second item are inherently met by the alleged prior art disclosure of depending an incentive on (1) a product purchased and (2) the total dollar amount of the transaction in which that product is purchased. Specifically, you state that:

> Assuming the incentive in Deaton is based both upon the product purchased and the dollar amount purchased, then the incentive would depend upon "(1) purchase of a first item, (2) price of said first item, and (3) a price for a second item," as recited in claim 10. It is self-evident that the incentive is based on "(1) purchase of a first item." The incentive depends upon "(2) price of a first item, and (3) a price for a second item," at least indirectly, because the incentive depends on the dollar amount purchased which, in turn, depends on the price of the items. The independent claims are extremely broad and do not recite any relationship between the first and second items, e.g., that they are competitive items as in claim 16, or between the price of the first and second items, e.g., based upon a different in price between the first and second items as in claim 15. That is, the second item can be completely unrelated to the first item. It is sufficient that some other item than the first item is used to meet the dollar amount limit. Note also that the independent claims do not state that the incentive data is selected based only on the purchase of a first item, a price of a first item, and a price for a second item. Based on this interpretation, it is unnecessary to rely on the examiner's reasoning to base the incentives on the price of a second item "in

order to allow customer loyalty on purchasing a specific type of product as suggested by Deaton et al." (EA4); we do not understand or agree with this reasoning. [Decision on Appeal mailed September 23, 2003 page 8 line 24 to page 9 line 24.]

Your statement that "The [alleged prior art] incentive depends upon "(2) price of a first item, and (3) a price for a second item," at least indirectly, because the incentive depends on the dollar amount purchased which, in turn, depends on the price of the items" is illogical for two reasons.

First, claim 10 **does not define the that second item is part of the transaction involving the first item**. Therefore, your conclusion that the "dollar amount purchase ... depends upon the price of the [first *and second*] items" is illogical. You impliedly lumped the price of the first item and the price of the second item together as "price of the items" included in a transaction, but that is not what claim 10 defines. Claim 10 defines selecting incentive data depending "upon (1) purchase of a first item, (2) price of the first item, and (3) a price for a second item." Claim 10 does not define the second item as contained in the same purchase transaction as the first item. Therefore, your assumption that the price of both first and second items are inherently included in the purchase transaction involving the first item such is incorrect. Therefore, your inherency conclusion that the transaction price depends upon the price of the second item is incorrect. Hence, even assuming Deaton teaches what you surmise, Deaton does not disclose or suggest depending an incentive determination on the aforementioned three limitations.

Your inherency conclusion is not in accordance with the binding precedent of In re Rijckaert, 9 F.3d 1531, 1534, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993), which states that:

> To support the Board's affirmance of the rejection, the Commissioner points out that in the recording art, the exact matching of signal time to recording time is an optimal condition, and that this condition would be met by fulfilling the claimed relationship. While the condition described may be an optimal one, it is not "inherent" in Awamoto. Nor are the means to achieve this optimal condition

disclosed by Awamoto, explicitly or implicitly. "The mere fact that a certain thing may result from a given set of circumstances is not sufficient [to establish inherency.]" In re Oelrich , 666 F.2d 578, 581-82, 212 USPQ 323, 326 (CCPA 1981) (citations omitted) (emphasis added). "That which may be inherent is not necessarily known. Obviousness cannot be predicated on what is unknown." In re Spormann, 363 F.2d 444, 448, 150 USPQ 449, 452 (CCPA 1966). Such a retrospective view of inherency is not a substitute for some teaching or suggestion supporting an obviousness rejection. See In re Newell, 891 F.2d 899, 901, 13 USPQ2d 1248, 1250 (Fed. Cir. 1989). [In re Rijckaert, 9 F.3d 1531, 1534, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993).]

The claimed (claim 10) dependency upon price of the second item does not necessarily follow, and in fact is not necessarily related to, transaction price. Thus, your inherency conclusion, and therefore you new grounds for rejection, are improper, and your decision on reconsideration should specify that fact, along with vacating the earlier decision to reject claims 10 et seq.

Moreover, your reasoning that depending an incentive determination upon identification of the first item and total dollar amount purchased inherently depends upon price of the first item and price of the second item, is flawed, even if those two items are included in the purchase. Price of a transaction is just that, price of a transaction. The number and costs for items in a transaction is a priori indefinite. Accordingly, the existence of a definite price for a transaction does not require definition of the price of any particular item in a the transaction. Therefore, dependency of any variable upon a transaction price is not equivalent and certainly does not inherently disclose dependency of any particular set of two items contained in the transaction.

For all of the foregoing reasons, your new ground of rejection is improper and should be reversed.

E. **The Claim Groupings Depended upon the Examiner's Grounds for Rejection, Not Yours, and Therefore Your Decision Based upon Claim 10 as Representative Is Not Appropriate**

I fully expect you to issue a revised opinion reversing all rejections and allowing all claims. However, for completeness in case of appeal I note the following.

The groupings on appeal were based upon and in response to the examiner's final grounds for rejection, not yours.

Your new grounds for rejection do not specify any suggestion in the prior art of the price difference limitations defined by dependent claims 15 and 22. Moreover, your decision admits that, upon review, you did not find that concept in Deaton, stating at page 11 lines 21-25, stating that:

> We do not find anything in Deaton that suggests selecting different incentive data depending on the prices of the first and second items.

In fact, claims 15 and 22 define depending incentive data upon " a difference in price between said first item and said second item.", and a difference in price certainly depends on the prices of the first and second items. Accordingly, you have already decided that Deaton does not disclose the limitation defined by claims 15 and 22. Therefore, you should reverse all rejections of claims 15 and 22 for these additional reasons.

VI. **Conclusion**

For the reasons stated above, the we respectfully submit that upon rehearing and in view of the foregoing reasoning you revise your decision to reverse all rejections.

Respectfully Submitted, Neifeld IP Law, PC

11/22/2004

DATE

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